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USDOC FOR EROL YESIN

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SUBJECT: Sri Lankan Business Community's Post-Tsunami "Back to Business" Program Helps Restart Commercial Activities

¶1. Summary: The "Back to Business" project of the Federation of Chambers of Commerce and Industry of Sri Lanka (FCCISL) has helped restart a significant number of tsunami affected businesses and livelihoods. "Back to Business" was a comprehensive, private sector-led program. The Government of Netherlands was the main sponsor of the program. A number of other organizations including USAID are partnering in FCCISL's efforts. End Summary.

¶2. The FCCISL's post-tsunami Back to Business Project, which has so far assisted over 5,000 businesses/livelihoods, has several components:

-- A grant assistance program: The program provides commodities and equipment on a grant basis to restart livelihoods and small enterprises. It also provides a financial guarantee, by way of a deposit in a financial institution, which could be used as collateral to obtain loans. Total assistance under the two programs is limited to Rs 20,000 (USD 200) for livelihoods, Rs 60,000 (USD 600) for micro-enterprises and Rs 150,000 (USD 1500) for medium sized enterprises. 4,130 businesses or livelihoods have been assisted.

-- A loan facilitation program that helps affected businesses obtain loans from existing programs implemented by the Central Bank of Sri Lanka and operated through commercial banks (these include the Central Bank-sponsored "Susahana" program, which was an immediate post-tsunami infusion of liquidity in the banking sector designed to spur loans for affected small businesses). FCCISL has helped 952 small and micro enterprises obtain loans totaling over Rs 500 million (USD 5 million) from these schemes. (Note: In total, Susahana has provided about 10,000 loans through commercial banks disbursing Rs 3.3 billion (USD 330 million). The Central Bank has also facilitated two other loan schemes with funds from the Government of Japan and the UN. According to Mr. P. Karunaratne, Head of the Regional Development Department of the Central Bank, all three loan programs have now ended. A recent Euro 70 million (USD 56 million) loan from the European Union will assist the tourism sector in 2006/7.

-- Business planning/management training, marketing assistance and trauma counseling.

-- A special program to help women, by assisting their

livelihoods and female-owned enterprises.

¶3. The FCCISL, an umbrella organization comprising over 40 private sector chambers and commodity or trade organizations spread throughout the country, has used its links with chambers in the tsunami affected areas to implement the project. It works with 10 district chambers in the affected coastal areas of the southern, northern and eastern provinces. The Netherlands Embassy in Colombo is the main sponsor of the Back to Business project. Other co-sponsors include USAID and the German Development Corporation. USAID's livelihood restoration project, REVIVE, has funded training programs and commodity grants under the Back to Business project.

¶4. According Sam Stembo of the FCCISL, Back to Business will continue through mid-2008 and aims to help a total of 10,000 businesses and livelihoods. FCCISL aims to target 35 percent of the assistance to women-led businesses. Many of the other business assistance programs have now ended or are now coming to an end. REVIVE, a USD 10.5 million USAID project, will end in September 2006. It has assisted over 31,000 households disrupted by the tsunami. REVIVE implements its activities through non-governmental organizations, micro-finance institutions, and private sector associations (including FCCISL). REVIVE provides funds for commodity grants and training, microfinance lending, and cash-for-work. Some of the grants will be available for on-lending through four microfinance institutions during the next three years.

¶5. According to Azmi Thassim, CEO of the Hambantota Chamber of Commerce (in Sri Lanka's deep south), Back to Business was developed in response to requests made by various

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regional chambers. The small scale business operators affected by the tsunami were not in a position to access bank financing on their own or restart their businesses. It is a practical program which helps through grants, bank financing, training and marketing assistance. The program has assisted small scale operators such as traders, small industrialists (from lace makers to coir (coconut fiber used in industrial applications) suppliers) and small eating house and hotel operators. It has not assisted many fishermen due to the plethora of other programs aimed at assisting the fishing industry. According to Thassim, those businesses that have participated in the program have by-and-large had a successful reintegration into business life.
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